

Executive Summary Report

Appraisal Date 1/1/05 - 2005 Assessment Roll

Specialty Name: Major Office Buildings

Previous Physical Inspection: April/May/June 2004

Sales - Improved Summary:

Number of Sales: 16

Range of Sale Dates: 1/4/02 to 4/29/05

Sales – Ratio Study Summary:

	Average AV	Average Sale Price	Ratio *	COV *
2004 Value	\$ 54,838,300	\$ 83,192,600	65.9%	23.87%
2005 Value	\$ 70,311,100	\$ 83,192,600	84.5%	13.63%
Change	\$ 15,472,800		+ 18.6%	-10.24%
%Change	+ 28.2%		+ 28.2%	-42.90%

* Ratio –the number of sales in the sales sample are below IAAO Standards therefore the results may not be statistically reliable

*COV is a measure of uniformity, the lower the number the better the uniformity.

Sales used in Analysis: All improved sales that included land that were verified as good, and have not been remodeled or segregated or merged since being purchased, were included in the analysis.

Population - Average Improved Parcel Summary Data:

	<u>Land</u>	<u>Imps</u>	<u>Total</u>
2004 Value:	\$4,976,318	\$26,513, 560	\$31,489,877
2005 Value:	\$5,133,947	\$28, 607,752	\$33,741,699
Percent Change:	+ 3.17%	+ 7.9%	+ 7.15%

2004 Total Assessed Value: \$7,903,959,214

2005 Total Assessed Value: \$8,469,166,341

Number of Improved Parcels in the Ratio Study Population: 195

Conclusion and Recommendation:

The sample size used to determine this assessment/market ratio is below the recommended IAAO sample size. In addition, while the assessor values the fee simple interest, the sales that are rented reflect the leased fee and several have rental rates in place significantly higher than current market rates, therefore the assessed value will be considerably less than the sale prices.

However, since the values recommended in this report improve values and achieve better uniformity, I recommend posting them for the 2005 Assessment Year (2006 Taxable Year).

Analysis Process

Highest and Best Use Analysis

As if vacant: Market analysis of this area, together with current zoning and current anticipated use patterns, indicate the highest and best use of the majority of the appraised parcels as commercial use. Any opinion not consistent with this is specifically noted in the records and considered in the valuation of the specific parcel

As if improved: Based on neighborhood trends, both demographic and current development patterns, the existing buildings represent the highest and best use of most sites. The existing use will continue until land value, in its highest and best use, exceeds the sum of value of the entire property in its existing use and the cost to remove the improvements. The current improvements do add value to the property, in most cases, and are therefore the highest and best use of the property as improved. In those properties where the property is not at its highest and best use, a token value of \$1,000 is assigned to the improvements.

Standards and Measurement of Data Accuracy: Each sale was verified with the buyer, seller, real estate agent or tenant when possible. Current data was verified and corrected when necessary via field inspection.

Special Assumptions, Departures and Limiting Conditions

All three approaches to value were considered in this analysis.

The following Departmental guidelines were considered and adhered to:

- ✚ No market trends (market condition adjustments, time adjustments) were applied to sales prices. Models were developed without market trends. The utilization of a minimum of two years of market information without adjustment for time averaged any net changes over the two-year period.
- ✚ This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standard 6.

Identification of the Area

Name or Designation: Specialty Area 280: Major Office Buildings

This report contains data pertinent to the revalue of major office buildings (100,000 square feet of net rentable area and above). Net rentable area as utilized here is typically described as gross building area less vertical penetrations. The office specialty properties are found throughout the County, with significant concentrations located in Downtown Seattle and Downtown Bellevue. Additionally, larger suburban office buildings are found in many jurisdictions of the County. All major office specialty properties were revalued this year. Included in the addendum of this report is a list of the parcels physically inspected for the 2005 assessment year.

Boundaries:

All of King County

Maps:

A general map of the area is included in this report. More detailed Assessor's maps are located on the 7th floor of the King County Administration Building.

Area Description:

For purposes of the 2005 revaluation of the office-building specialty, the population has been segmented into six regions. These regions are generally described by their geographic location with the exception of one, which is described by its primary use. The following is a brief description of each of these market segments.

North

This region represents a small portion of the total specialty population and includes buildings located as far north as the City of Bothell and as far south as the University District. It also includes one office building on Capital Hill. The largest concentrations of buildings in this segment are located in the Northgate and University Districts.

Seattle Central Business District (Seattle CBD)

The office specialty is predominately comprised of properties located in this region. Approximately 45% of the office specialty population is located here. The Seattle CBD's

geographic boundaries are loosely described for purposes of this analysis as extending from Lower Queen Anne on the north to the Safeco Field on the south, from Puget Sound on the west to Interstate 5 on the east. On-going new construction includes the 42-story Washington Mutual Center, which will add 900,000 square feet of office space to the CBD. It is expected to be completed in the later half of 2006.

Bellevue Central Business District (Bellevue CBD)

This region, while comprised of a smaller number of properties, is considered to be the second most significant of the office specialty regions. It is comprised of mid and high-rise office buildings in the Bellevue CBD as well as two larger Mercer Island buildings. The Summit/PSE two building project was completed in 2002 with Building A capped at three floors. Currently, construction of the upper floors of the three-story building is nearing completion. This is a build-to-suit building for Puget Sound Energy that will add 224,000 square feet of office space. The Summit complex will then have a total rentable area of approximately 490,000 square feet with Phase III yet to be constructed. It is the first new office development project in the Bellevue CBD since the downturn of the regional economy.

Suburban Eastside

This region includes properties outside of the Bellevue CBD, on the East Side of Lake Washington. This analysis considers properties from Kirkland, Redmond, Issaquah and Suburban Bellevue to comprise the Suburban Eastside. At present, while this region has a large geographic expanse, it is somewhat small in number; however continued growth patterns indicate the potential for an increase in the future.

Southend

Properties located within the South Seattle, Renton, Tukwila, Kent, SeaTac, Auburn and Federal Way areas generally describe this region. Weyerhaeuser is the predominant property owner in the Federal Way area. New construction includes the U.S. Department of Homeland Security Building in Tukwila. This mid-rise building was completed in 2004 and has a rentable area of 132,900 square feet.

Medical Office Buildings

These are analyzed independent of the remainder of the specialty as medical/dental office buildings. They typically have a significantly different construction cost and income and expense profile. The properties in this category are generally located on First Hill, the University District, Northgate and Downtown Seattle.

Puget Sound Economic Conditions

The regional economy followed the national economy on the road to recovery in 2004. Job growth is fueling this recovery. In the Seattle regional office market “Employment in the so-called office sectors – Information Services, Financial Activities, and Professional and Business Services – increased by 10,000 jobs, an increase of 2.9%.”¹ Locally Boeing has begun to hire and the state’s software industry is predicted to expand employment by 5% per year. A weaker dollar will also increase exports. The Puget Sound Economic Forecaster expects regional employment to increase by 2.6% in 2005.² Job growth and a minimal amount of new office construction in 2004 are positive signs for the continued office market recovery.

According to Cushman & Wakefield’s Greater Puget Sound Statistical Summary the year-end office overall vacancy for the region was 15.2% down from 16.6% at the end of 2003 (this includes class A, B, and C buildings in all sub-markets). The positive net absorption for the year was 1,247,093 SF as compared to 737,955 SF in 2003. Class A office space had a positive absorption of 938,279 SF. The strongest performing sub-markets for Class A space was the Bellevue CBD and Eastside Suburban. The Seattle CBD had minor positive absorption despite being negatively impacted by Fred Hutchison moving into new built to suit, owner occupied space, and Airborne (DHL) vacating 131,000 SF in the Waterfront/Denny Regrade area. The worst performing sub-markets for Class A office space was the Southend with a negative absorption of 204,236 SF. Within this sub-market, Kent/Auburn and Tukwila had positive absorption, while Renton was particularly impacted by increased vacancy. Federal Way also had positive absorption.

Class B office in the Puget Sound Region had positive absorption of 107,374 SF with only the Financial District and Pioneer Square District of the Seattle CBD having significant negative absorption.³ This area was impacted by Amgen’s move into their new campus in Interbay.

By year’s end 2004, the Seattle Office market appears to be solidly in the recovery cycle, however rent rates are generally flat except for premium space in upper view floors of desirable buildings. Rise in lease rates in this market are expected to be moderated by the late 2006 completion of the new Washington Mutual Headquarters. Time will tell if this results in substantial vacated office space or if growth in the office market will fill the impacted office buildings.

Bellevue CBD with a direct vacancy rate of 8.5% and the Eastside Suburban with a direct vacancy of 7.6% appear to be in an accelerating or expansion market with asking rents rising

¹ Newmark Global Real Estate Advisors Seattle Office Market Report, 4th Qtr 2004

² Economic Update, The newsletter of the City of Seattle’s Economics Team, December 2004

³ Cushman & Wakefield “Greater Puget Sound Statistical Summary,” 4th Qtr 2004

throughout the submarkets. Average asking rental rates for Class A+ office space on the Eastside increased \$2.43 per square foot to \$26.76 per square foot over the last two quarters of 2004. Class A office asking rates increased a minor amount to \$23.03 per square foot.⁴

The South County office market has sub-markets with mixed performances; however on an overall basis it is still in a downturn cycle with direct vacancy increasing, and slightly lower asking rent rates.

Preliminary Ratio Analysis

The inclusion of the Ratio Study Summary is done for administrative consistency only. There were considerably more office sales in 2004 than in 2003 and very few sales in 2002 after the economic downturn. Because of the diversity of the office building types and submarkets the assessor has used sales from 2002 through April 2005. These sales have all occurred after the economic downturn of 2001. Even with the increased number of sales the sale sample size is still less than the recommended minimum. For this reason and the fact that some sales have higher leases in place than current market rates, the results presented in the final ratio study are not considered to be an entirely reliable analysis of recommended assessed values as compared with market sales. Recommended assessed values are based on market conditions as of January 1, 2005.

The Preliminary Ratio Study was completed just prior to the application of the 2005 recommended values. This study benchmarks the current assessment level using 2004 posted values. The study was also repeated after application of the 2005 recommended values. The results are included in the validation section of this report, showing a change in the level of assessment from 65.9% to 84.5%, the Coefficient of Dispersion (C.O.D.) from 16.99% to 9.29%, the Coefficient of Variation (C.O.V.) from 23.87% to 13.63% and the Price-related Differential from 1.16 to 1.08.

Scope of Data

Land Value Data:

The geographic appraiser in the area in which the specialty office property is located is responsible for the land value used by the office specialty appraiser. See appropriate area reports for land valuation discussion.

⁴ Officelease "Office Intelligencer," February 2005

Improved Parcel Total Value Data:

Sales information is obtained from excise tax affidavits and reviewed initially by the Accounting Division, Sales Identification Section. Information is analyzed and investigated by the appraiser in the process of revaluation. All sales are verified, if possible, by calling either the purchaser or seller, inquiring in the field, or calling the real estate agent. Characteristic data is verified for all sales, if possible. Due to time constraints, interior inspections were limited. Sales are listed in the “Sales Used” and “Sales Not Used” sections of this report.

Improved Parcel Total Values:

Sales comparison approach model description

The population of office building sales in King County utilized in the analysis for the current revalue was segmented into six market segments. The segmentation was based primarily on the geographic boundaries previously described. In the event a segment lacked adequate sales representation, similarities in other segments were considered and judgment applied in determining market comparability.

In 2004 and early 2005 the office market has seen a strong increase in the number of market sale transactions as compared to 2002 and 2003. Most of the sales activity of properties in the office specialty (100,000 square feet rentable or greater) has involved high quality buildings in premium locations in Seattle and Bellevue. Typically there are a high number of bidders with the “most aggressive and optimistic bidder” driving up the sale price.⁵ In the current market there appears to be more capital available than properties available. Other factors affecting the high prices are continued low interest rates, and the continued attraction of real estate investment over other investment options. Also supporting the high asset prices is the significant increase in construction material costs that is resulting in higher replacement costs. The result of this competitive market is the continued decline of capitalization rates.

Of the sales that have occurred in 2004 and this year, several were in a “better than typical” financial state. Civica Office Commons in the Bellevue CBD and IDX Tower in the Seattle CBD were two of these properties. For example, it is reported that Civica built in 2000, had an average lease rate in place, in the \$39/SF full service range, 0% vacancy, and lease terms of mostly 7 to 10 years extending beyond what most consider the “recovery years”. Current

⁵ Appraisal Institute “Current & Emerging Trends in the PS Office Market,” March 4, 2005, Rob Hollister - speaker

market rents for similar buildings in the Eastside are in the \$24 to \$30/SF full service range. Such sales are indicators of the leased fee value which in this case differs significantly from the fee simple value due to the difference between contract rents and current market rents.

Sales comparison calibration

Market sales of office specialty properties that occurred during the period from 1/04/02 4/29/05 are considered in the analysis. Other market sales of office buildings that were smaller than the office specialty threshold of 100,000 square feet net rentable, were often included in the analysis but not the ratio study (See list of Improvement Sales Used) when the sales were limited for a building type or submarket.

When the office properties are stratified into various building types and submarkets there are not enough sales of the different groupings to rely entirely on the market approach to value similar properties. Therefore, the Sales Comparison Approach is considered, but in the final reconciliation of value less weight was given to this approach than the Income Approach.

Cost approach model description

Cost estimates are automatically calculated via the Marshall & Swift cost modeling system. Depreciation was based on studies done by Marshall & Swift Valuation Service. The cost was adjusted to the Western Region and the Seattle area. Marshall & Swift cost calculations are automatically calibrated to the data in place in the Real Property Application. This approach was not relied upon in the final reconciliation of values.

The ratio of sales price to replacement cost range is reported in Korpacz Real Estate Investor Survey, 4th quarter, 2004 for the Pacific Northwest. Participants reported a price range of between 80% and 110% of replacement cost new, with the average being 98.13%.

Cost calibration

The Marshall & Swift cost-modeling system built into the Real Property Application is calibrated to this region and the Seattle area.

Income capitalization approach model description

The income approach to value was considered for all office specialty properties this revalue. A direct capitalization income approach estimate was calculated for all properties within the specialty. Due to the significance of the parking income contribution in the Seattle and Bellevue CBD's, and the fact that these parcels comprise the majority of the properties within the specialty, parking income was a necessary component of the direct capitalization process. The inability of the income table program to recognize parking stalls as an income generator prohibited the use of income tables in the revaluation of the office specialty. Therefore, no tables were created. Instead three direct capitalization workbooks were created showing each property's income value estimate. A Discounted Cash Flow analysis (DCF) was completed on four properties. This approach to valuation was considered to be the most appropriate for these four properties, as each is experiencing vacancy rates far in excess of the market norm. In fact three of the properties (four buildings) are 100% vacant and a fourth was 94% vacant.

Income approach calibration

The models were calibrated after setting base rents by considering adjustments based on location, size, effective age, construction class and quality. Appraisal judgment was employed in adjusting for differences between individual buildings based on their perceived investment competitiveness in their respective markets. Location, effective age, construction class, quality and size as recorded in the Assessor's records were items considered to be of primary importance in determining a property's investment competitiveness and placement in the appropriate base rent category.

Within each of the six market segments, income parameters were established for economic rent, vacancy and credit loss, expenses, and capitalization rates for various grouping of properties based on their investment competitiveness. Rent, expense and overall capitalization rate data was collected on sold properties when available. This data was then considered along with surveys conducted by outside resources along with information gathered from properties available for lease and sale and utilized to establish general guidelines for neighborhood groupings. A rent survey was conducted to ascertain the income parameters typically reflected in the current office lease market. The information gathered is considered to be indicative of the current office-leasing environment and in most instances, the data reported is based on deals that have been made and are in place or will be in the near future.

According to the CB Richard Ellis Fourth Quarter 2004, Puget Sound Office Market Report vacancy rates, full service asking lease rates and operating expenses reported by brokers for Class A, B and C properties (includes all multi-tenant office buildings 10,000 square feet and greater in size) located in the Canal, Central Business District, Denny Regrade, Lake Union, Lower Queen Anne, Pioneer Square and Waterfront market areas indicate the following:

Submarket	Vacancy Rate: Class A w/sub-lease	Vacancy Rate: Class B w/sub-lease	Vacancy Rate: Class C w/sub-lease	Overall Vacancy Rate Including sub-lease	Overall Vacancy Rate: w/o sub-lease <u>Direct Vacancy*</u>
Canal	5.39%	8.20%	0%	6.09%	5.67
CBD	13.81%	17.44%	17.83%	14.55%	12.05%
Denny Regrade	19.57%	15.85%	23.81%	19.15%	16.94%
Lake Union	8.96%	11.87%	2.49%	9.26%	7.84%
Lower Queen Anne	19.11%	17.43%	8.74%	18.59%	16.58%
Pioneer Square	7.34%	16.01%	15.53%	11.35%	9.57%
Waterfront	15.36%	47.07%	13.06%	19.63%	9.13%
Downtown (overall)	14.05%	17.57%	16.44%	14.87%	12.24%

* A direct vacancy rate as opposed to an overall vacancy rate (includes sublease space available) is used in the revaluation analyses

	<u>Full Service Lease Rates(Asking rates)</u>			<u>Operating Expenses *</u>		
Market Area	Class A	Class B	Class C	Class A	Class B	Class C
Canal	\$16-\$24	\$15-\$20	\$12-\$18	\$5.75-\$7.75	\$6-\$7.25	\$4.50-\$6.50
Seattle CBD	\$22-\$36	\$20-\$26	\$10-\$22	\$9.50-\$11.50	\$6.00-\$9.00	\$5.00-\$7.00
Denny Regrade	\$18-\$28	\$15-\$23	\$12-\$20	\$7.50-\$9.50	\$6.00-\$8.50	\$5.50-\$7.00
Lake Union	\$18-\$28	\$17-\$23	\$12-\$18	\$7.00-\$9.25	\$6.25-\$8.25	\$5.50-\$6.50
Lower Queen Anne	\$18-\$26	\$15-\$22	\$10-\$20	\$6.00-\$8.50	\$6.00-\$7.25	N/A
Pioneer Square	\$18-\$26	\$17-\$20	\$10-\$20	\$7.25-\$8.50	\$6.00-\$7.75	\$4.00-\$6.50
Waterfront	\$18-\$25	\$17-\$22	\$12-\$20	\$7.00-\$9.50	\$6.25-\$8.25	\$5.50-\$6.50
Seattle Downtown	\$16-\$36	\$15-\$26	\$10-\$22	\$5.75-\$11.50	\$6.00-\$9.00	\$4.00-\$7.00

* Operating expenses include property taxes, but do not include leasing commissions or tenant improvements

According to the CB Richard Ellis Fourth Quarter 2004, Puget Sound Office Market Report, vacancy rates, full service asking lease rates and operating expenses reported by brokers for Class A, B and C properties (includes all multi-tenant office buildings 10,000 square feet and greater in size) located in the Bellevue CBD, I-405, SR-520, I-90, Bel-Red Corridor, Kirkland, Redmond market areas indicate the following:

Submarket	Vacancy Rate: Class A w/sub-lease	Vacancy Rate: Class B w/sub-lease	Vacancy Rate: Class C w/sub-lease	Overall Vacancy Rate: Including sub-lease	Overall Vacancy Rate: w/o sub-lease <u>Direct Vacancy*</u>
CBD	11.42%	6.96%	0.00%	11.07%	10.03%
I-405	20.31%	10.25%	7.72%	17.70%	15.62%
SR-520	12.80%	10.34%	15.57%	12.59%	10.83%
I-90	12.22%	8.58%	--	11.91%	10.18%
Bel-Red-Road Corridor	--	12.41%	13.67%	11.30%	10.25%
Kirkland	9.05%	15.82 %	12.86%	10.18%	7.22%
Redmond	13.35%	15.38%	--	13.60%	12.71%
Eastside (overall)	13.56%	11.03%	14.04%	13.16%	11.56%

* A direct vacancy rate as opposed to an overall vacancy rate (includes sublease space available) is used throughout the revaluation analyses

	<u>Full Service Lease Rates (Asking Rates)</u>			<u>Operating Expenses*</u>		
Market Area	Class A	Class B	Class C	Class A	Class B	Class C
CBD	\$22.60-\$25.25	\$19.22-\$21.47	--	\$9-\$10.50	\$7-\$8	\$6-\$7
I-405	\$20.90-\$22.35	\$19.40-\$21.80	\$18.00-\$19.68	\$7-\$9	\$6.25-\$7.25	\$5.75-\$6.75
SR-520	\$22.05-\$24.75	\$18.71-\$20.01	\$18.70-\$19.00	\$7-\$9	\$6.25-\$7.25	\$5.75-\$6.75
I-90	\$24.55-\$24.99	\$21.70-\$22.25	--	\$6.75-\$9.50	\$6.50-\$7.50	\$6-\$6.50
Bel-Red-Road Corridor	\$22.30-\$22.86	\$20.07-\$20.86	\$17.10-\$17.93	\$6-\$7	\$5.50-\$6.25	\$5-\$5.75
Kirkland	\$24.60-\$28.32	\$21.60-\$22.18	\$20	\$7-\$8.25	\$6-\$7	\$5.50-\$6.50
Redmond	\$23.75-\$24.70	\$20.65-\$22.10	--	\$6.75-\$7.50	\$5.75-\$6.75	\$5.25-\$6.25
Total – Eastside	\$20.90-\$28.32	\$18.71-\$22.25	\$17.10-\$20.00	\$6-\$10.50	\$5.50-\$8	\$5-7

* Operating expenses include property taxes, but do not include leasing commissions or tenant improvements

According to the CB Richard Ellis Fourth Quarter 2004, Puget Sound Office Market Report rates for properties (includes all multi-tenant office buildings 10,000 square feet and greater in size) located in the Auburn, Kent, Renton, Sea-Tac, South Seattle, Tukwila and Federal Way market areas indicate the following:

Submarket	Vacancy Rate	Direct Lease Rate Class A (full service)	Asking Lease Rate Class A (full service)	Direct w/sub-lease Asking Lease Rate Class A (full service)
Auburn	6.24%			
Kent	28.92%			
Renton	36.59%			
Sea-Tac	11.31%			
South Seattle	16.34%			
Tukwila	23.59%			
Federal Way	11.86%			
Total Southend Vacancy	16.43%	\$19.46		\$19.47

GVA Kidder Mathews in their Year-End 2004 “Seattle Real Estate Market Review” suggest a forecast for the Seattle CBD and surrounding market area for typical lease rates to be in the range of \$22 to \$26 per sq. ft. (full service) for space in Class “A” buildings and the supply of space available, to slowly decrease in 2005 and then increase by mid-year 2006 when the Washington Mutual corporate headquarters is completed.

This same forecast suggests fully serviced annual rents to remain between \$21 and \$25 per sq. ft. for Class “A” space in the Bellevue CBD, and \$18 to \$24 for suburban areas.

The South King County office market forecast suggests fully serviced annual lease rates will remain between \$18 and \$22 per sq. ft. for Class “A” space and the supply of space will remain high.

This report also indicates the 2004 year-end vacancy percentages for Seattle has remained unchanged at 15.5%. East King County dropped from 15.2% to 14.2%, and South King County increased from 19.1% to 21.5%.

In the “Greater Puget Sound Statistical Summary” for year-end 2004” Cushman & Wakefield breaks out the Direct Vacancy, and the Direct Weighted Average Class A & Class B Rental Rate for the different markets and submarkets.

<u>Market</u>	<u>Direct Vacancy Class A Office</u>	<u>Class A - Direct Wtd. Avg. Lease Rate (FS)</u>	<u>Direct Vacancy Class B Office</u>	<u>Class B - Direct Wtd. Avg. Lease Rate (FS)</u>
SEATTLE CBD	10.6%	\$27.07	15.9%	\$20.79
Financial District	9.4%	\$28.68	15.8%	\$20.87
Denny Regrade	15.6%	\$24.06	14.9%	\$21.83
Pioneer Square/Inter. District	0.4%	\$33.00	17.5%	\$19.70
Lower Queen Anne/ Lake Union	12.7%	\$26.79	16%	\$20.63
SEATTLE IN-CITY	7.3%	\$23.20	10.9%	\$18.61
North Seattle/Northgate	5.8%	\$25.32	12.8%	\$18.73
East Seattle/Capital Hill	17.3%	\$18.40	6.4%	\$18.00
BELLEVUE CBD	8.5%	\$24.27	12.8%	\$21.31
EASTSIDE	7.6%	\$23.27	11.9%	\$21.17

SUBURBAN				
SOUTHEND	27.5%	\$20.00	21.3%	\$16.88
Seattle Close-in	3.7%	\$20.98	2.9%	\$14.94
Tukwila	24.5%	\$20.57	35.5%	\$17.20
Sea Tac	7.3%	\$20.59	17.2%	\$18.27
Renton	41.5%	\$19.56	21.9%	\$18.24
Kent/Auburn	16.1%	\$22.10	15%	\$18.32
FEDERAL WAY	14.7%	\$20.37	24.7%	\$16.89

Corporate Real Estate Service Advisors (CRESA) in the 4th Qtr 2004 Market Update for Seattle and Bellevue indicate the following average office rental rates.

<u>Seattle</u> <u>CBD</u>	<u>Average Rental Rates</u>
Class A	\$21-\$35
Class B	\$16-\$22
<u>Bellevue</u> <u>CBD</u>	<u>Average Rental Rates</u>
Class A	\$24.75
Class B	\$20.75
<u>Suburban</u>	
Class A	\$22.50
Class B	\$19.75

OfficeLease's February 2005 Office Intelligencer provided average asking rental rates for the Seattle Metropolitan office market as of 4th Qtr 2004.

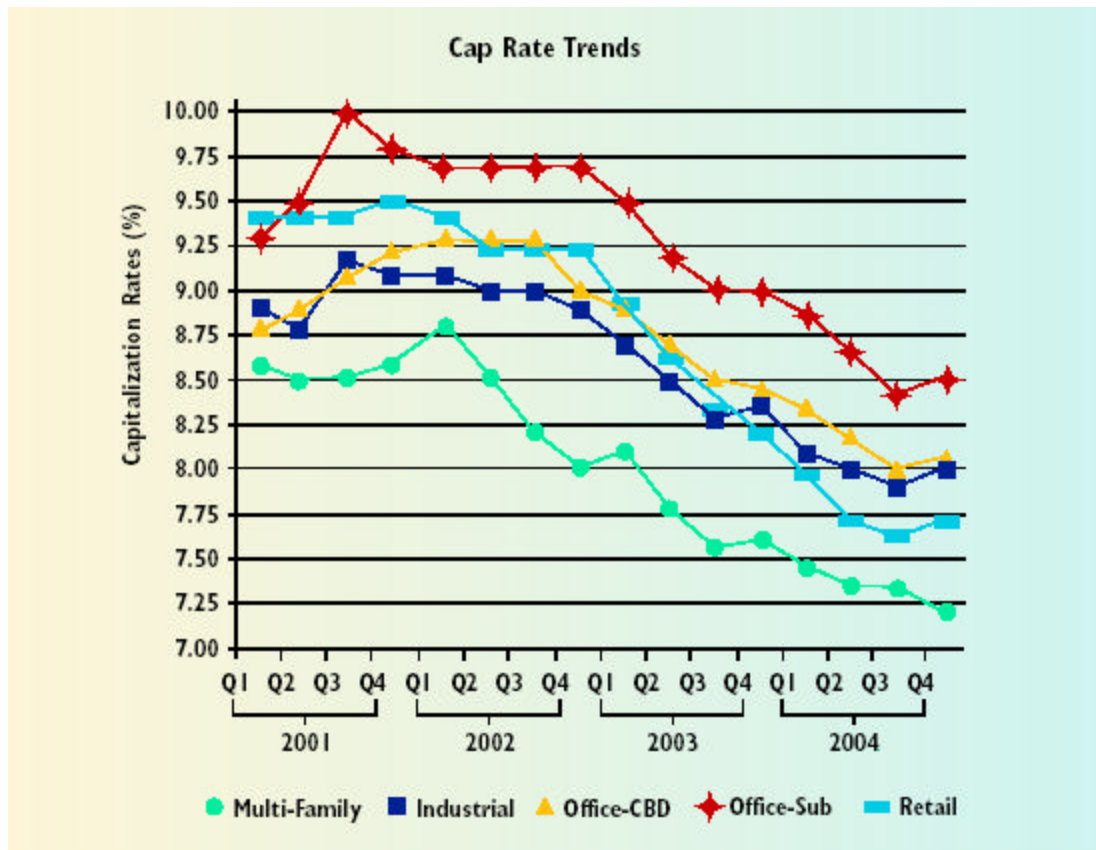
Gross Rental Rate			
Market Area	Class A+	Class A	Class B
Downtown	\$32.32	\$26.69	\$19.69
Eastside	\$26.76	\$23.03	\$19.86
Northend		\$21.72	\$18.64
Southend		\$20.94	\$17.66

A closer review of individual building vacancy rates within their respective building class and geographic market segments for the 1/01/05 revalue often reveals a somewhat different picture of vacancy rates as compared with some published vacancy rates that are non-stratified and do not breakout submarkets, building classes, and direct or sublease space.

There are instances where the vacancy rates reported may have been “skewed” by a few buildings which are experiencing vacancies significantly different than the “norm” for the class and geographic market segment of which it is a part. Confirmation of this through personal verification as well as a review of the data used to create the vacancy information supports a more neighborhood, class specific vacancy analysis. A direct vacancy rate assumption as opposed to an overall vacancy rate (overall includes sublease space available) assumption is used throughout the following analyses. The specific “norm” vacancy rate(s) will be indicated below in the brief description of the income parameters utilized in each of the six market segments. Properties which varied from the “norm” rate were treated in a few different ways depending upon their unique situation. Higher capitalization rates and/or higher vacancy rates were recognized for some buildings while others whose situation was deemed far inferior from the “norm” were valued via a discounted cash flow analysis thereby allowing recognition of the “extreme” vacancy situation. These buildings ranged in vacancy from 94% to 100%. These include the 3131 Elliot Building in Seattle, Riverfront Technical Park in Tukwila, and Three Renton Place and the Landmark East and West Buildings in Renton.

The properties valued via the DCF method are noted in the income approach workbooks. In addition, the DCF analysis for each property is saved in its own workbook.

Colliers US Real Estate Review 2005 indicates that cap rates for all property types continued to decline from the 4th qtr of 2003 to the 4th qtr of 2004. See graph below.



Following is a list of published office cap rates for both the national, and the Northwest and Seattle Metropolitan office markets:

National Office Cap. Rates						
Source	Date	Location	Type	Range	Average	Remarks
Korpacz RE Investor Survey	4th Qtr 2004	National	CBD Office	6.00% - 11.00%	8.40%	includes both Class A & B office bldgs.
	4th Qtr 2004	National	Suburban Office	6.50% - 10.50%	8.73%	includes both Class A & B office bldgs.
American Council of Life Insurance (Commercial Mortgage Commitments)	4th Qtr 2004	National	Office		7.6%	Based on fixed rate loans (172 loans with average loan size of \$14,037,000)

National Office Cap. Rates						
		National	Office- less than \$2m loan		9.1%	
			Office- \$2m - \$5m		8.7%	
			Office- \$5m - \$15m		8.4%	
			Office- \$15m - \$25m		7.6%	
			Office- \$25m & over		7.3%	
			Office- less than 50,000 SF		8.7%	
			Office- 50,000 - 100,000 SF		8.5%	
			Office- 100,001 - 200,000 SF		8.0%	
			Office- more than 200,000 SF		8.3%	
Real Capital Analytics	4th Qtr 2004	National	CBD Office		7.40%	426 closed sales – down 100 basis points in year
		National	Suburban Office		8.10%	1861 closed sales – down 90 basis points in year
		West	CBD Office		7.60%	76 closed sales
		West	Suburban Office		7.90%	508 closed sales
Cushman & Wakefield - Real Estate Outlook - Investor Survey	3rd Qtr 2004	National	CBD Office		7.50%	decline from 8.30%in 2003
Source	Date	Location	Type	Range	Average	Remarks
Cushman & Wakefield “			Non-CBD Office		8.30%	decline from 9.00% in 2003
Reis - Transaction Monitor US Office Markets	3rd Qtr 2004	National	Office		7.90%	70 basis points below its level of one year ago
Global Real Analytics	3rd Qtr 2004	National	CBD Class A Office		7.50%	decline from 7.70% a year ago, 7.1% increase in Seattle CBD office values over year
Northwest & Seattle Office Cap. Rates						
Korpacz RE Investor Survey	4th Qtr 2004	Northwest	Office	7.00% - 11.00%	9.00%	includes both CBD & Suburban Class A & B office bldgs in all NW cities

National Office Cap. Rates						
American Council of Life Insurance (Commercial Mortgage Commitments)	4th Qtr 2004	Pacific	Office		7.3%	based on 44 loans with \$642,547,000 committed
Real Capital Analytics	4th Qtr 2004	Seattle Metropolitan Area	CBD Office		8.50%	includes both Class A & B office bldgs greater than \$5,000,000
		Seattle Metropolitan Area	Suburban Office		8.50%	includes both Class A & B office bldgs greater than \$5,000,000
		Seattle Metropolitan Area	CBD Offices 0 - 5yrs in age	6.00% - 7.7%	6.90%	
		Seattle Metropolitan Area	Suburban Offices 0 - 5yrs in age	6.00% - 11.20%	7.80%	
Marcus & Millichap Office Research Report	3rd Qtr 2004	Puget Sound Region	Office		7.00% - 8.00%	- continued downward pressure on cap rates in 2004
Reis - Transaction Monitor US Office Markets	3rd Qtr 2004	Seattle Metropolitan Area	Office		8.00%	2nd Qtr 2004 was 7.8%
Integra Realty Resources Viewpoint 2005	2004	Seattle	CBD Office		7.00%	going-in rate
			Suburban Office		8.75%	going-in rate
Co-Star Comps	2004	Seattle/Puget Sound	Office		8.33%	Includes Class A, B, & C office bldgs throughout Puget Sound Region

During the sales verification process an attempt is made to ascertain the capitalization rate on the sale or a pro-forma cap rate on the first year performance. Whenever possible information on the occupancy level, lease rates, tenancy terms, and expenses is collected to determine how the sale compares to economic parameters of the market and how the leased fee cap rate compares to a fee simple cap rate.

The following table shows the typical capitalization rates used in the 1/01/2005 revaluation of the properties in the office specialty:

Building Type & Market	Capitalization rate applied
Top tier Seattle & Bellevue offices built in Year 2000 or after	7.00%

Top tier Seattle High-rises – built before Year 2000	7.5
Class A Seattle & Bellevue CBD Offices – (highrise, midrise, lowrise)	8%
Suburban Class A Seattle in-close & Eastside	8.5%
Class B Seattle & Bellevue	8.50% to 9.00%
Class B CBD with major renovation	8.25%
South County A & B	8.5% to 9%

The following is a brief description of the income parameters utilized in each of the six market segments:

North: Full service lease rates ranged from \$20 - \$23 per square foot of rentable area. Vacancy and collection loss figures used in this area was 5% - 15%, expenses \$8.00 - \$8.50/nra and overall capitalization rates were 8.5%. Values on a price per square foot of rentable area fell in the \$117 - \$151 range.

Seattle CBD & Adjacent Submarkets: Values on a price per square foot of rentable area fell in the \$86 - \$296 range. Lease rates ranged from \$16.50 - \$34 per square foot of rentable area. Vacancy and collection loss figures used in this area ranged from 5% - 20% with the majority typically being 10%, expenses ranged from \$7.50 - \$10.00/nra and overall rates ranged from 7% - 9.50% with the majority typically being 8% - 8.5%. A few properties included consideration of income from retail rents. This was considered for properties where the retail space represented approximately 5% or more of total NRA. The retail lease rate range utilized was \$20 - \$35/nra, triple net rent. The vacancy and collection loss figure for retail space ranged from 5% - 10% and the triple net expense rate was 5%. Additionally, income from parking was considered. Income was based on an allocation of total parking spaces into daily and monthly rates. Monthly spaces were calculated as representing 67% of the total spaces while daily spaces accounted for the remaining 33%. The Parking Inventory for Seattle and Bellevue 2004 prepared by the Puget Sound Regional Council was utilized as a basis for establishing parking and occupancy rates in the various neighborhoods in Downtown Seattle and Downtown Bellevue. No turnaround on the daily spaces was recognized. A parking expense rate of 10 – 25% was applied to parking income to arrive at a net parking income contribution figure. An expense survey by the Seattle CBD geo-appraiser indicates that the older stand-alone parking garages incur higher expenses.

The following is a description of the parking income parameters used in the income approach to valuation for Downtown Seattle properties.

Seattle CBD			
Neighborhood	Daily	Monthly Rate	Occupancy

	<u>Rate</u>		
1	\$10.38	n.a.	33.2%
2	\$14.21	\$130.71	67.4%
3	\$11.73	\$163.11	73.0%
4	\$18.96	\$235.80	68.4%
5	\$22.99	\$259.84	75.0%
6	\$15.11	\$177.92	66.4%
7	\$17.21	\$229.45	74.2%
8	\$18.69	\$239.79	64.8%
9	\$9.95	\$169.91	62.2%
10	\$10.52	\$76.08	68.4%
11	\$9.94	n/a	67.2%
12	\$12.62	\$165.20	55.7%
13	\$12.95	\$117.35	70.6%
Lower Queen Anne			
<u>Neighborhood</u>	<u>Daily Rate</u>	<u>Monthly Rate</u>	<u>Occupancy</u>
17	\$6.32	\$114.68	58.4%
18	\$5.88	\$47.34	33.4%
19	\$7.90	\$96.19	50.5%

Bellevue CBD: Values on a price per square foot of net rentable area fell in the \$122 - \$291 range. Lease rates ranged from \$19 - \$30 per square foot of rentable area, with the majority of rents falling in the \$22 - \$24 per square foot range. One property included consideration of income from retail rents. The retail lease rate utilized was \$25/nra, triple net rent with an 8% vacancy and collection loss assumption and operating expenses of 5%. It is unusual for office buildings in this segment to have significant retail space included. Vacancy and collection loss figures used in this area were 8% - 12%, expenses ranged from \$7.50 - \$10/nra and overall rates ranged from 7% - 8.75% with most at 8% - 8.5%.

Additionally, income from parking was considered. Income was based on an allocation of total parking spaces into daily and monthly rates. Monthly spaces were calculated as representing 67% of the total spaces while daily spaces accounted for the remaining 33%. The Parking Inventory for Seattle and Bellevue 2004 prepared by the Puget Sound Regional Council was utilized as a basis for establishing parking and occupancy rates in the various neighborhoods in Downtown Seattle and Downtown Bellevue. No turnaround on the daily spaces was recognized. A parking expense rate of 10% was applied to parking income to arrive at a net parking income contribution figure.

Bellevue CBD			
<u>Neighborhood</u>	<u>Daily Rate</u>	<u>Monthly Rate</u>	<u>Occupancy</u>

1	\$13.07	\$134.13	50.9%
2	\$13.07	\$134.13	26.2%
3	\$13.07	\$134.13	37.7%
4	\$13.07	\$134.13	56.1%
5	\$13.07	\$134.13	50.8%
6	\$13.07	\$134.13	37.5%
7	\$13.07	\$134.13	63.8%

Suburban Eastside: Lease rates ranged from \$20 - \$29 per square foot of net rentable area, with the majority of rents falling in the \$22 - \$23.50 per square foot range. Vacancy and collection loss figures used in this area were 7 - 20% with most at 7%, and expenses \$7.00 - \$10.00/nra with the majority falling in the \$7.50 - \$8.00 range. Overall rates were 8% - 9%. Most properties were capitalized at 8.5%. Parking was not analyzed as an additional income contributor as parking is generally included at no charge. Values on a price per square foot of net rentable area fell in the \$118 - \$212 range.

Southend: Renton, Tukwila, Southcenter, Kent, and SeaTac - Lease rates ranged from \$17.50 - \$26 per square foot of rentable area with the majority at \$19 - \$21.50. Vacancy and collection loss figures used in this area were 5% - 20% with the majority at 10%. Expenses in the Southend submarkets were \$7.00 - \$8.00. Overall rates in the Southend were 8% - 9.5% with most at 8.5%. Federal Way lease rates ranged from \$21.50 - \$22.50 per square foot of net rentable area. Vacancy and collection loss figures used in this area were 10%, expenses \$7 - \$7.50/nra and overall rates were 8.5%.

In general, values on a price per square foot of net rentable in the South County office market fell in the \$90 - \$205 range. This range of price per square feet value does not include the several properties that had close to or 100% vacancy. These properties were valued by a DCF method. They included Three Renton Place, Landmark East & West Buildings, and Riverfront Technical Park.

Medical Office Buildings: Values on a price per square foot of net rentable area fell in the \$107 - \$280 range. Full service lease rates ranged from \$20 - \$30.50 per square foot of net rentable area. Vacancy and collection loss figures in this segment were 5% - 10%. Expenses ranged from \$10.50 - \$11.50/nra. Overall rates ranged from 8% - 8.75%. Parking income contributions were included depending upon the location of the property. Downtown Seattle, First Hill and the University District locations included recognition of this income. Income was based on an allocation of total parking spaces into daily and monthly rates. Monthly spaces were calculated as representing 67% of the total spaces while daily spaces accounted for the remaining 33%. The Parking Inventory for Seattle and Bellevue 2004 prepared by the Puget Sound Regional Council was utilized as a basis for establishing parking rates in the various

neighborhoods in Downtown Seattle and Downtown Bellevue. No turnaround on the daily spaces was recognized. A parking expense rate of 10% was applied to parking income to arrive at a net parking income contribution figure.

First Hill			
<u>Neighborhood</u>	<u>Daily Rate</u>	<u>Monthly Rate</u>	<u>Occupancy</u>
14	\$15.53	\$188.76	72.8%
15	\$13.63	\$147.74	83.7%
16	\$9.96	\$103.48	73.1%
University District			
<u>Neighborhood</u>	<u>Daily Rate</u>	<u>Monthly Rate</u>	<u>Occupancy</u>
1	\$5.22	\$68.23	63.3%
2	\$7.75	\$78.00	62.4%
3	\$8.33	n.a.	56.9%
4	\$7.00	\$65.44	44.1%

Reconciliation and or validation study of calibrated value models including ratio study of hold out samples.

Each parcel was individually reviewed by the specialty appraiser for correctness of the model application before the final value was selected. The income approach to valuation is given greatest weight in the final analysis due to the information available.

Model Validation

Total Value Conclusions, Recommendations and Validation:

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel is reviewed and a value selected based on general and specific data pertaining to the parcel, the neighborhood, and the market. The appraiser determines which available value estimate may be appropriate and may adjust for particular characteristics and conditions as they occur in the valuation area.

Application of the total value model described above results in the following standard statistical measures of valuation performance and uniformity: the C.O.D. is 9.47%, the C.O.V. is 13.58%, and the P.R.D is 1.08. In addition, the resulting assessment level improved from

65.9% to 84.5%. These measures all indicate an improvement, and with the exception of the assessment level and the PRD are within IAAO guidelines which are presented in the Executive Summary and in the 2005 Ratio Analysis chart included in this report. *As discussed, too few sales from the current market were available for the ratio study, and some of the sales exhibit a significant value difference between the leased fee and the fee simple interests due to rental rates in place that are higher than current prevailing rates. Therefore the ratio analysis of sales should not be considered a completely reliable gage of assessment performance.*

Application of these recommended values for the 2005 assessment year (taxes payable in 2006) results in an total change from the 2004 assessments of + 7.15 %. This increase is due partly to the market changes over time and the previous assessment levels. The total assessed value for the 2004 assessment year was \$7,903,959,200 and the total recommended assessed value for the 2005 assessment year is \$8,469,166,341.

Note: More details and information regarding aspects of the valuations and the report are retained in the working files and folios kept in the office.

Improved Sales for Area 280 Used

BELLEVUE CBD SALES

Area	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP NRA /	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
280	322505	9134	147,384	2011300	\$29,106,000	12/24/03	\$194	LINCOLN PLAZA	OLB	1	2	Microsoft net lease of 89% of space until 1/31/06 -not occupied
080	322505	9220	71,738	1942945	\$11,730,000	03/03/03	\$163	400 BUILDING	CBD-01	1	2	NOT IN SPECIALTY (too small); not in ratio study
280	292505	9271	480,392	2050929	\$134,083,573	06/19/04	\$279	112 th @ 12th	CBD-OLB	1	2	13% vacant at sale with most of space under negotiation at sale
280	154410	0320	305,800	2110979	\$140,246,000	03/28/05	\$459	CIVICA OFFICE COMMONS	CBD-MU	1	2	0% vacancy, average lease rate in place of \$39/sf, mostly 7-10 yr leases

Verification Code # 2 indicates a market sale

SUBURBAN EASTSIDE SALES

Area	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP NRA /	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
280	222406	9044	157,546	2008304	\$29,950,000	12/11/03	\$190	EASTPOINTE CORPORATE CENTER	R	1	2	Boeing net lease of until 6/30/06
85	246540	0080	70,019	2074876	\$16,270,000	10/05/04	\$232	LAKE WASHINGTON PARK	PR3.6	1	2	unobstructed view location, 43% occupied at time of sale, NOT IN SPECIALTY (too small);

Verification Code # 2 indicates a market sale

SOUTHEND SALES

Area	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP NRA /	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
280	012204	9012	218,586	1861777	\$30,354,820	01/04/02	\$138	CENTER POINT CORPORATE PARK - CREEKSIDE	M1	1	2	
280	012204	9110	436,170	2010783	\$54,193,760	12/22/03	\$124	CENTER POINT - ATRIUM, CASCADE EAST, WEST BLDGS.	M1	2	2	Three mid-rise offices and retail portion seg'd after sale - NOT IN RATIO STUDY
280	334040	3341	238,140	2021364	\$10,000,000	02/27/04	\$42	EAST VALLEY OFFICE CENTER I & II (LANDMARK EAST & WEST)	CO	3	2	Flashcube" Bldgs.- vacant 2 yrs - renovation of West Bldg since sale NOT

												IN RATIO STUDY
55	926501	0130	46,984	2023068	\$8,300,000	03/09/04	\$177	ABAM BUILDING	OP	1	2	NOT IN SPECIALTY (too small),
55	926504	0160	47,347	1932205	\$5,450,000	01/03/03	\$115	WASHINGTON PARK I	OP	1	2	NOT IN SPECIALTY (too small)
55	797820	0535	65,067	2083203	\$15,560,000	11/12/04	\$239.14	FEDERAL WAY CENTER	CC	1	2	NOT IN SPECIALTY (too small)

SEATTLE CBD SALES

Area	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP NRA /	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
280	553050	0010	199,736	1963105	\$64,750,000	06/02/03	\$324	MILLENNIUM TOWER	DOC 2/240	1	2	sold fully occupied with actual rents in \$42/sf range
032	058640	0000	117,746	1906781	\$20,357,185	08/26/02	\$173	BAY VISTA OFFICE TOWER - CONDO	DMR/C 125/65	12	2	Office condo with 12 units located in Belltown
280	534290	0010	309,400	1966211	\$89,474,954	06/13/03	\$289	ONE CONVENTION PLACE	DOC 1/450	2	2	10% vacant, long- term leases in place
280	880790	0130	192,733	1996942	\$29,950,000	10/23/03	\$155	WEST LAKE UNION CENTER	C2-65	1	2	33% vacant
280	069700	0235	237,162	2037591	\$32,999,000	05/10/04	\$139	BLANCHARD PLAZA	DMC 240	1	2	16% vacant
030	524780	0300	53,400	1982412	\$7,500,000	08/22/03	\$118	WESTLAND BUILDING	PSM	1	2	NOT IN SPECIALTY (too small)
280	224950	0235 0490	206,142	2067223	\$63,980,000	09/01/04	\$310	1000 & 1100 DEXTER BLDGS.	C2-65	5	2	95% leased at sale
280	094200	0365	536,944	2077649	\$100,729,853	10/19/04	\$187	UNION BANK OF CALIFORNIA BLDG	DOC1-450	1	2	26% direct vacancy at time of sale,
280	197520	0005	167,534	2085380	\$19,179,793	11/22/04	\$114	SEATTLE TOWER	DOC1-450	1	2	16% vacant at time of sale,
280	197320	0385 0387	297,228	2090121	\$65,751,000	12/15/04	\$221	ADOBE & PLAZA BLDGS	IC-65	2	2	sale does not include land – long term

												ground lease – not in ratio study
280	094200	0345	845,533	2092558	\$340,745,187	12/27/04	\$403	IDX TOWER	DOC1-450	5	2	96% leased, mix of high, long-term leases & current mkt leases in place at time of sale
280	093900	0335	295,515	2100265	\$52,450,000	02/07/05	\$177	EXCHANGE BLDG	DOC2-240	1	2	11 % vac, \$5m renov.
280	763420	0005	707,949	2119412	\$162,809,049	04/29/05	\$230	1001 FOURTH AVENUE BLDG.	DOC1-450	1	2	12% vac at sale, 44% at end of 05, buyer to spend \$30m renovating

Verification Code # 2 indicates a market sale

NORTHEND SALES

Area	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
010	292604	9490	83,361	2026413	\$11,996,023	03/25/04	\$144	NORTHWAY SQUARE WEST BLDG.	C1-85	1	2	NOT IN SPECIALTY (too small)

Verification Code # 2 indicates a market sale

MEDICAL OFFICE BUILDINGS

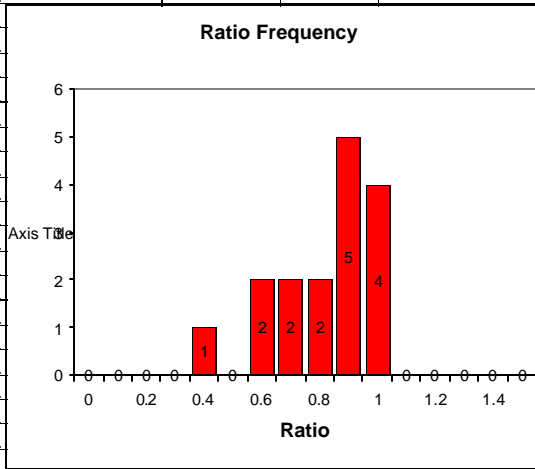
Area	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
280	197820	0625	251,903	2090796	\$58,879,628	12/14/04	\$234	1101 MADISON	M10-70-	1	2	98% occupied,

								TOWER	NC3-160			sale does not include land, long-term ground lease, not in ratio study
280	219760	0250	130,864	2090807	\$31,500,000	12/14/04	\$241	600 BROADWAY MEDICAL CENTER	M10-85- NC3-85	1	2	86% occupied, sale does not include land, not in ratio study

Verification Code # 2 indicates a market sale

Improvement Ratio Study (Before Revalue) 2004 Assessments

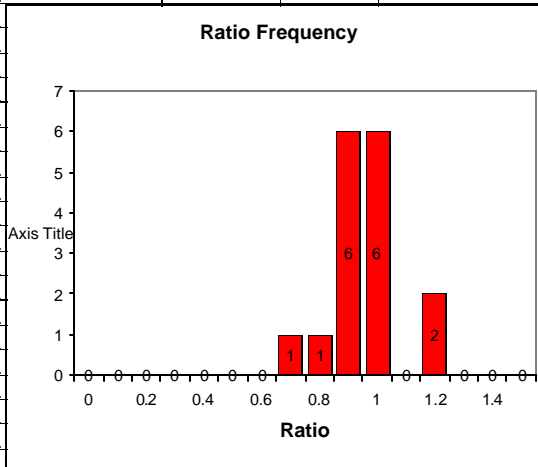
Quadrant/Crew:	Lien Date:	Date:	Sales Dates:
Central Crew	1/1/2004	6/9/2005	1/4/02 - 04/29/05
Area	Appr ID:	Prop Type:	Trend used?: Y / N
280 - Offices	DMAR	Improvement	N
SAMPLE STATISTICS			
Sample size (n)	16		
Mean Assessed Value	54,838,300		
Mean Sales Price	83,192,600		
Standard Deviation AV	44,033.847		
Standard Deviation SP	83,219.757		
ASSESSMENT LEVEL			
Arithmetic mean ratio	0.766		
Median Ratio	0.826		
Weighted Mean Ratio	0.659		
UNIFORMITY			
Lowest ratio	0.3909		
Highest ratio:	1.0000		
Coefficient of Dispersion	16.99%		
Standard Deviation	0.1829		
Coefficient of Variation	23.87%		
Price-related Differential	1.16		
RELIABILITY			
95% Confidence: Median			
Lower limit	0.604		
Upper limit	0.931		
95% Confidence: Mean			
Lower limit	0.677		
Upper limit	0.856		
SAMPLE SIZE EVALUATION			
N (population size)	195		
B (acceptable error - in decimal)	0.05		
S (estimated from this sample)	0.1829		
Recommended minimum:	42		
Actual sample size:	16		
Conclusion:	Uh-oh		
NORMALITY			
Binomial Test			
# ratios below mean:	6		
# ratios above mean:	10		
z:	0.75		
Conclusion:	Normal*		
*i.e., no evidence of non-normality			



These figures reflect the 1-1-04 assessment as compared with the current market. Too few sales are included in this analysis to indicate a "true" reflection of the assessment/market value ratio

Improvement Ratio Study (After Revalue) 2005 Assessments

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:
Central Crew	1/1/2005	6/9/2005	1/4/02 - 04/29/05
Area	Appr ID:	Prop Type:	Trend used?: Y / N
280 - Offices	DMAR	Improvement	N
SAMPLE STATISTICS			
Sample size (n)	16		
Mean Assessed Value	70,271,200		
Mean Sales Price	83,192,600		
Standard Deviation AV	63,938,857		
Standard Deviation SP	83,219,757		
ASSESSMENT LEVEL			
Arithmetic mean ratio	0.914		
Median Ratio	0.905		
Weighted Mean Ratio	0.845		
UNIFORMITY			
Lowest ratio	0.6325		
Highest ratio:	1.1688		
Coefficient of Dispersion	9.47%		
Standard Deviation	0.1241		
Coefficient of Variation	13.58%		
Price-related Differential	1.08		
RELIABILITY			
95% Confidence: Median			
Lower limit	0.864		
Upper limit	0.968		
95% Confidence: Mean			
Lower limit	0.853		
Upper limit	0.975		
SAMPLE SIZE EVALUATION			
N (population size)	195		
B (acceptable error - in decimal)	0.05		
S (estimated from this sample)	0.1241		
Recommended minimum:	22		
Actual sample size:	16		
Conclusion:	Uh-oh		
NORMALITY			
Binomial Test			
# ratios below mean:	8		
# ratios above mean:	8		
z:	-0.25		
Conclusion:	Normal*		
*i.e., no evidence of non-normality			



These figures reflect the recommended 1-1-05 assessment as compared with the current market. Too few sales are included in this analysis to indicate a "true" reflection of the assessment/market value ratio. In addition, all sales that are rented reflect the leased fee. These sales may exhibit a significant value difference between the leased fee and the fee simple interests due to rental rates in place being higher than the current prevailing rates. The sales of the Civica Office Commons and the IDX Tower are examples of the above. The leased fee sales prices reflect a "better than typical" financial situation than the current market parameters used by the assessor to value the fee simple interest.